

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Creation of Telangana New & Renewable Energy Development Corporation Ltd., for Telangana in accordance with provisions of AP Reorganization Act, 2014- Guidelines issued.

ENERGY (CC) DEPARTMENT

GO Ms No.27.

Dated:30-05-2014

In pursuance of the section 53 of the AP Reorganisation Act 2014, a separate Telangana New & Renewable Energy Development Corporation Ltd. has to be created for Telangana State and existing NREDCAP will continue for residuary AP State. Accordingly Functions, Assets & Liabilities, Posts and Staff are to be transferred to the newly created Telangana New & Renewable Energy Development Corporation Ltd.. In order to implement the provisions of the said Act, the following guidelines are issued:

1. **Effective Date** for Transfer of Functions, Assets, Liability, Posts and Staff: Effective date shall be the date on which date **TG New & Renewable Energy Development Corporation Ltd.** comes into existence.
2. **Transfer of functions to TG New & Renewable Energy Development Corporation Ltd.:** From the effective date all the functions presently being carried out by NREDCAP in the area of Telangana State shall stand transferred to TG New & Renewable Energy Development Corporation Ltd..
3. **Transfer of Assets to TG New & Renewable Energy Development Corporation Ltd.:** As per section 53(1) of Reorganization Act 2014, all the assets Located at Telangana Districts shall stand transferred to TG New & Renewable Energy Development Corporation Ltd. on 'as is where is basis'. Head Quarter of NREDCAP shall be divided between TG New & Renewable Energy Development Corporation Ltd. and NREDCAP based on population ratio of two respective states which is 42:58.
4. **Transfer of Liability to TG New & Renewable Energy Development Corporation Ltd.:** All the liabilities which are linked to the asset located at Telangana districts shall stand transferred to TG New & Renewable Energy Development Corporation Ltd., Assets and liabilities related to specific staff shall stand transferred along with the staff to TG New & Renewable Energy Development Corporation Ltd.. All other Assets which are general in nature shall be divided between two Corporations based on population ratio of two respective states.
5. **Transfer of posts to TG New & Renewable Energy Development Corporation Ltd.:** All the posts related to Telangana Districts, shall stand transferred to TG New & Renewable Energy Development Corporation Ltd. with effect from Effective date. Posts at NREDCAP Head Quarter shall be divided between two Corporations based on population ratio of respective state. Based on this principle, head quarter posts transferred to TG New & Renewable Energy Development Corporation Ltd. is listed in Annexure-A
6. **Transfer of employees between NREDCAP AND TG New & Renewable Energy Development Corporation Ltd:** The guidelines meant for Government employees shall be followed for permanent transfer of employees between two Corporations. Pending such transfer of employees, all staff working in District offices, as on effective date shall continue to work there and draw their salaries accordingly. Staff

working at Head Quarter, to the extent of posts in TG New & Renewable Energy Development Corporation Ltd, shall be permanently transferred to TG New & Renewable Energy Development Corporation Ltd as on effective date following Government guidelines for allotment of staff.

7. **IT Infrastructure and TALLY.ERP9 Accounting Package:** IT infrastructure, TALLY.ERP9 Accounting Package , General software at Head Quarter will be used jointly by both Corporations till both Corporations create their own IT Infrastructure and TALLY.ERP9 Accounting Package and maintenance cost of such common infrastructure shall be shared by both Corporations in population ratio of respective state. For the purpose of operational convenience, Operation and Maintenance will be handled by NREDCAP as all the licenses for System Softwares, etc are in the name of NREDCAP. On creation of separate IT infrastructure by both Corporations, IT hardware shall be divided between two Corporations based on population ratio. All software which are licensed in the name of NREDCAP will be retained by NREDCAP as same cannot be transferred to TG New & Renewable Energy Development Corporation Ltd.
8. **Balance Sheet of TG New & Renewable Energy Development Corporation Ltd and NREDCAP:** As on effective date, balance sheet of both Corporations will get modified accordingly. Annexure-B lists Balance Sheet for both Corporations.
9. **Any other issue:** Any issue not covered above shall be decided by both Corporations in accordance with the principles laid down in the Reorganization Act 2014.
02. VC & MD, NREDCAP shall take further necessary action for transfer of functions, assets, liabilities, posts and employees to TG New & Renewable Energy Development Corporation Ltd., accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. S.K. JOSHI, IAS.,
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To
The VC & MD, NREDCAP Limited, Hyderabad
File C.No.4300-II/CC/2013
SF/SC

Annexure A

List of Head Quarter Posts transferred to TG New & Renewable Energy Development Corporation Ltd

Annexure B

Balance Sheet of NREDCAP LIMITED and TG New & Renewable Energy Development Corporation Ltd

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List of Head Quarter Posts transferred to TG New & Renewable Energy Development Corporation Ltd

S No	Designation/Cadre/Category	No. of Employees
01	General Manager	01
02	Dy. General Manager	01
03	Manager (T)	01
04	Manager (NT)	01
05	Assistant Manager (T)	01
06	Assistant Manager (NT)	04
07	Development Officer	01
08	Accountant	01
09	Sr.Steno	01
10	Sr.Asst	02
11	Asst.Acct	01
12	Office Asst.	02
13	Diver Cum Mechanic	01
14	Jamedar	02
15	Off. Subordinate	02
	Total	22

New & Renewable Energy Development Corporation of A.P. Limited
Provisional balance sheet as at 31 March 2014

Provisional balance sheet as at 31 March 2014			
	Allocated balance		
Figures in INR crores	AP	Telengana	Total
Fixed assets			
Gross fixed assets	64.51	0.79	65.30
Accumulated depreciation	(29.51)	(0.40)	(29.90)
Net fixed assets	35.00	0.39	35.40
Deferred tax Liability	(8.65)	(0.10)	(8.74)
Investments	0.00	-	0.00
Net current / non-current assets			
Inventories	0.37	0.22	0.59
Receivables	0.95	0.25	1.20
Loans and advances	1.88	1.34	3.22
Other Current & Non Current Assets	3.67	2.65	6.32
Current and non-current liabilities	(56.03)	(37.96)	(93.98)
	(57.81)	(33.58)	(91.40)
Net debt			
Debt	(0.41)	(0.35)	(0.76)
Cash and Bank Balance	54.36	38.19	92.55
Net debt	53.95	37.83	91.78
Net assets / (liabilities)	31.14	4.64	35.78
Represented by			
Equity	0.19	0.03	0.22
Reserves	30.95	4.61	35.57
Net Worth	31.14	4.64	35.78

The basis of allocation of assets and liabilities for FY 2014 is based on Provisional Balance sheet as at 31 March 2014.

FY 14 allocation in comparison to FY13 would differ in the following areas: (a) Borrowings - EMD and Security deposit; (b) Other long term liabilities; (C) Trade payables and current liabilities - performance guaranties received

The above allocation would need to be revisited once the audited for FY 14 is completed

New & Renewable Energy Development Corporation of A.P. Limited
Provisional basis of allocation for demerger

General Note

The basis of allocation of assets and liabilities for FY 2014 is based on Provisional Balance sheet as at 31 March 2014.

Provisional basis of allocation for demerger									
Areas	Basis of Allocation	Segregation as at 31-March-14					Final allocation		
		Assets and Liabilities dedicated to Andhra Pradesh	Assets and Liabilities dedicated to Telangana	Assets and Liabilities dedicated to HO (refer Note 2 below)	Common Assets and Liabilities (refer Note 2 below)	Total	AP	Telangana	Total
Figures in INR crores									
Fixed assets (Tangible & Intangible Assets)									
Gross Block	FA primarily consists of Wind Power projects (98% total FA) which are located in AP.	63.38	-	-	1.93	65.30	64.51	0.79	65.30
Accumulated Depreciation	In absence of location wise information , other assets (viz. Furniture, Computers, Office Equipments, Vehicles etc) have been allocated based on the number of locations in each state (i.e 13:9), Refer Note 2	(28.94)	-	-	(0.97)	(29.90)	(29.51)	(0.40)	(29.90)
Net Block (A)		34.44	-	-	0.96	35.40	35.00	0.39	35.40
Deferred Tax Liabilities (Net) (B)	Deferred tax liability comprises timing difference due to depreciation. This has been allocated in the ratio of allocation of net block of fixed assets.	-	-	-	(8.74)	(8.74)	(8.65)	(0.10)	(8.74)
Investments (C)	One Equity share of APS Rural Irrigation Corporation held at HO has been considered as part of AP	0.00	-	-	-	0.00	0.00	-	0.00
Net current / non-current assets		-	-	-	-	-	-	-	-
Inventories	Inventories pertaining to branches have been allocated to respective branches.	0.37	0.22	-	-	0.59	0.37	0.22	0.59
Trade receivables	Receivables pertaining to branches have been allocated to respective branches. (Receivables outstanding from AP Transco amounting to INR 66.49 Lakhs, pertaining to sale of electricity from Wind power projects has been allocated to AP)	0.95	0.25	-	-	1.20	0.95	0.25	1.20
Loans and advances	<u>Deposit pertaining to Civil Court Cases</u> - These have been allocated in Population ratio. <u>Security & Telephone Deposit</u> - These have been allocated in population ratio <u>Advance to Employees</u> In absence of pending final allocation of employees by Kamalnath committee, employee related asset and liabilities have been allocated in proposed ratio of employees, i.e. AP:Telangana = 30:22. This needs to be revised post final allocation of employees. <u>Other Assets</u> - These have been allocated in Population ratio <i>Refer Appendix 1 & 2 for workings and Refer Note 2</i>	0.25	0.16	-	2.81	3.22	1.88	1.34	3.22
Other non current assets	<u>MAT Receivable</u> - These have been allocated in population ratio. <i>Refer note 1 below</i> <u>Other Assets</u> - These have been allocated in Population Ratio <i>Refer Appendix 3 for workings</i>	-	0.00	-	1.26	1.27	0.73	0.53	1.27

Provisional basis of allocation for demerger									
Areas	Basis of Allocation	Segregation as at 31-March-14					Final allocation		
		Assets and Liabilities dedicated to Andhra Pradesh	Assets and Liabilities dedicated to Telengana	Assets and Liabilities dedicated to HO (refer Note 2 below)	Common Assets and Liabilities (refer Note 2 below)	Total	AP	Telengana	Total
Figures in INR crores									
Other current assets	MAT/TDS/ Service Tax - These have been allocated in Population ratio. <i>Refer note 1 below.</i> <u>Interest Accrued on staff loans -</u> In absence of pending final allocation of employees by Kamalnath committee, employee related asset and liabilities have been allocated in proposed ratio of employees, i.e. AP:Telangana = 30:22. This needs to be revised post final allocation of employees. <u>Other Assets -</u> These have been allocated in Population Ratio <i>Refer Appendix 4 for workings</i>	0.07	0.04	-	4.95	5.06	2.94	2.12	5.06
Trade payable and other current liabilities	<u>Trade Payables & Other Current Liabilities -</u> Regional liabilities have been allocated Location wise, In absence of information, liabilities at HO location have been allocated in population ratio. Unutilized Grants/Subsidies represents grants received from M.N.R.E and not utilised till year end are included under Trade Payables, Current Liabilities and other long term liabilities. These have been allocated in population ratio, as the corresponding bank/cash has also been allocated in population ratio.	(18.20)	(10.28)	-	(60.38)	(88.86)	(53.22)	(35.64)	(88.86)
Employee related funds and short-term provisions	In absence of pending final allocation of employees by Kamalnath committee, employee related asset and liabilities have been allocated in proposed ratio of employees, i.e. AP:Telangana = 30:22. This needs be revised post final allocation of employees.	-	-	(1.18)	-	(1.18)	(0.68)	(0.50)	(1.18)
Employee related funds and long-term provisions	In absence of pending final allocation of employees by Kamalnath committee, employee related asset and liabilities have been allocated in proposed ratio of employees, i.e. AP:Telangana = 30:22. This needs be revised post final allocation of employees.	-	-	(0.11)	-	(0.11)	(0.06)	(0.05)	(0.11)
Other long term liabilities	<u>Other Long Term Liabilities -</u> Regional liabilities have been allocated location wise, In absence of information, liabilities at HO have been allocated in Population ratio Unutilized Grants/Subsidies represents grants received from M.N.R.E and not utilised till year end are included under Trade Payables, Current Liabilities and other long term liabilities. These have been allocated in population ratio, as the corresponding bank/cash has also been allocated in population ratio.	(0.21)	(0.42)	-	(3.21)	(3.84)	(2.07)	(1.77)	(3.84)
(D) Net debt		(16.77)	(10.03)	(1.29)	(54.57)	(82.65)	(49.16)	(33.49)	(82.65)
Borrowings (Short - Term)	Borrowings consists of EMD and Security Deposits which have been allocated based on location, where information is available. In absence of information, Borrowings at HO have been allocated in Population ratio	(0.19)	(0.19)	(0.38)	-	(0.76)	(0.41)	(0.35)	(0.76)
Cash and cash equivalents	Cash & Bank Balance pertaining to branches have been allocated to respective branches Cash & Bank Balance pertaining to HO have been allocated in Population ratio	10.72	6.59	75.24	-	92.55	54.36	38.19	92.55

Provisional basis of allocation for demerger									
Areas	Basis of Allocation	Segregation as at 31-March-14					Final allocation		
		Assets and Liabilities dedicated to Andhra Pradesh	Assets and Liabilities dedicated to Telengana	Assets and Liabilities dedicated to HO (refer Note 2 below)	Common Assets and Liabilities (refer Note 2 below)	Total	AP	Telengana	Total
Figures in INR crores									
(E)		10.53	6.39	74.86	-	91.78	53.95	37.83	91.78
Net Worth		28.20	(3.63)	73.57	(62.35)	35.78	31.14	4.64	35.78
Represented by Share capital	Share capital have been allocated in ratio of net worth	-	-	0.22	-	0.22	0.19	0.03	0.22
		-	-	-	-	-	-	-	-
Reserves and surplus	Capital Reserve pertains to grant of asset allocated to respective location	0.03	-	-	-	0.03	0.03	-	0.03
Capital Reserve									
General Reserve	General Reserve - allocated in ratio of net worth	-	-	35.54	-	35.54	30.92	4.61	35.54
Total		0.03	-	35.76	-	35.78	31.14	4.64	35.78

Note 1: Tax related asset and liabilities (viz. MAT, Input VAT, Service Tax, and TDS)

Tax related assets and liabilities (viz. MAT, Input VAT, Service Tax, TDS,) have been allocated in population ratio

Following options were considered with respect to the allocation of Tax related assets and liabilities:

> Allocation based on population ratio

> Allocation based on basis of historical (FY14) income generated by assets located in respective states

Keeping in view the provision of section 53 of the AP Reorganization Act 2014, we propose to allocate tax related assets and liabilities on the basis of population ration (58:42)

However, depending on mechanism of transfer of assets and liabilities adopted (i.e. Slump sale, demerger etc), allocation of tax related assets and liabilities may need to be relooked at. In light of certain statutory restrictions, this may give rise to a situation where in special approvals would be needed to override some of the provision of Income Tax Act

Note 2

The column 'Common asset and liabilities' above may include head office balances also, i.e. as in case of certain asset and liabilities where in breakdown between common assets and liabilities and Head office were not available

New & Renewable Energy Development Corporation of A.P. Limited
Appendix to Basis of Allocation

Appendix 1 Long Term Loans & Advances - HO - Break Up			
Figures in INR crores	AP	Telangana	Total Basis of Allocation
Deposit In City Civil Court	0.04	0.03	0.07
Deposit In Nedcap Trust	0.00	0.00	0.00
Fax Deposit	0.00	0.00	0.00
Security Deposit(Electricity)	0.00	0.00	0.00
Telephone Deposit	0.00	0.00	0.00
Advance For Consultancy	0.02	0.01	0.03
Advance For Renewable Clubs	0.00	0.00	0.00
Advance For Street Lights	0.01	0.01	0.02
Rent Advance	0.00	0.00	0.00
Subsidy With Banks	0.66	0.48	1.14
Total	0.73	0.53	1.26

Appendix 2 Short Term Loans & Advances - HO Break up			
Figures in INR crores	AP	Telangana	Total Basis of Allocation
Loans and advance to related parties :			
Rent Advance	0.00	0.00	0.00
Festival Advance	0.00	0.00	0.00
Children Education Adv	0.00	0.00	0.00
Vehicle Advance	0.43	0.32	0.75
Computer Advance	0.03	0.02	0.05
Marriage Advance	0.02	0.01	0.03
SCCF Advance	0.00	0.00	0.00
House Building Advance	0.01	0.00	0.01
Tour Advance	0.00	0.00	0.00
General Advance	0.00	0.00	0.00
Ltc Advance	0.00	0.00	0.00
Other Advance	0.41	0.29	0.70
Total	0.89	0.65	1.55

Appendix 3 Other Non Current Assets - HO Break up			
Figures in INR crores	AP	Telangana	Total Basis of Allocation
Mat Receivable - IT	0.17	0.12	0.30
Receivable From MNRE	0.56	0.40	0.96
Recivable From Others	0.00	0.00	0.00
Total	0.73	0.53	1.26

Appendix 4 Other Current Assets - HO Break up			
Figures in INR crores	AP	Telangana	Total
Interest Accrued But Not Due On Staff Loans	0.07	0.05	0.11
Interest Accrued But Not Due (Bank)	1.18	0.85	2.03
Prepaid Expences	0.01	0.01	0.02
Tds Receivable	0.73	0.53	1.25
Interest & Penalty On Service Tax	0.07	0.05	0.12
Receivable From MNRE	0.18	0.13	0.31
TAX/MAT RECEIVABLE	0.06	0.05	0.11
RECEIVABLE FROM DIST ADMN	0.31	0.22	0.53
Recivable From Others	0.27	0.19	0.46
Total	2.87	2.08	4.95